

City of Seward, NE
Tuesday, January 20, 2015
Regular Session

Item G4

**CONSIDERATION OF FIRST AMENDMENT TO
REDEVELOPMENT AGREEMENT - TIF - TRUE VALUE
HARDWARE PROJECT- Attorney Andrew Willis**

Consideration of a Resolution Authorizing and Approving the First Amendment to the Redevelopment Agreement

Administrative Report: The Community Redevelopment Authority unanimously approved (4 yes, 1 absent) the First Amendment to the Redevelopment Agreement at a meeting held January 13, 2015.

After discussion and review, a motion to approve the Resolution would be in order.

Staff Contact:

CITY OF SEWARD, NEBRASKA

RESOLUTION #2015-___

(Approval of Amendment to Redevelopment Agreement –
Hardware Store Project)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEWARD,
NEBRASKA, AUTHORIZING AND APPROVING THE FIRST AMENDMENT TO
REDEVELOPMENT AGREEMENT.**

RECITALS

A. The Community Redevelopment Authority of the City of Seward, Nebraska (“CRA”) and Rattlesnake Boys, LLC, entered into that certain Redevelopment Agreement (Hardware Store Project) approved by the City Council on or about April 15, 2014 (the “Redevelopment Agreement”).

B. Redeveloper desires to amend the Project Completion Date, the TIF Effective Date, and the amount of TIF Indebtedness for the Project, effectively delaying Redeveloper’s obligations under the Redevelopment Agreement by one year.

C. Attached hereto as Exhibit “1” is a copy of the First Amendment to Redevelopment Agreement (“First Amendment”).

D. On January 13, 2015, the CRA approved the First Amendment.

NOW THEREFORE, BE IT RESOLVED, the City Council of the City of Seward, Nebraska hereby approves the form of the First Amendment and authorizes the CRA to execute and enter into the First Amendment.

The City Council hereby rescinds any other resolutions or actions that are contradictory or incompatible with this Resolution.

Dated this 20th day of January, 2015.

CITY OF SEWARD, NEBRASKA

By: _____
Mayor

ATTEST:

City Clerk

Exhibit "1"
First Amendment to Redevelopment Agreement

(Starts on the next page)

4821-2032-0801, v. 1

Exhibit "A"

FIRST AMENDMENT TO REDEVELOPMENT AGREEMENT
(Hardware Store Project)
“Exhibit 1”

This First Amendment to Redevelopment Agreement (“First Amendment”) is entered into by and between the Community Redevelopment Authority of the City of Seward, Nebraska (“CRA”) and Rattlesnake Boys, LLC, a Nebraska limited liability company (“Redeveloper”).

RECITALS

- A. The CRA and Redeveloper entered into that certain Redevelopment Agreement dated _____ and approved by the Seward City Council on April 15, 2014 (“Redevelopment Agreement”) to implement the Hardware Store tax increment financing project (the “Project”).
- B. Redeveloper has experienced delays in the construction of the Project and the Project will not be completed by the Effective Date.
- C. As of the date of the First Amendment, no TIF Indebtedness funds have been issued for the Project and Redeveloper has not incurred any expenses for the TIF uses of the Project.
- D. Because no TIF Indebtedness has been issued and no expenses for TIF uses have been incurred, the CRA is willing to amend the Redevelopment Agreement to assist the Redeveloper in completing the Project.

NOW THEREFORE, in consideration of mutual promises contained herein and in the Redevelopment Agreement, the parties agree to amend the Redevelopment Agreement as follows:

- 1. Minimum Project Valuation. Section 1.01.F. shall be revised and amended and follows:

““Minimum Project Valuation” means the amount of Seven Hundred Thousand and No/100 Dollars (\$700,000.00).”
- 2. Effective Date. The “Effective Date”, as defined in Section 3.01 of the Redevelopment Agreement, is hereby revised and amended such that the Effective Date shall be January 1, 2016.
- 3. Division of Taxes. The last sentence of Section 3.02 of the Redevelopment Agreement is hereby revised and amended as follows:

“For this Project, the anticipated Tax Increment is the difference between the projected taxes payable for 2016 (after

construction completion) and the taxes payable for 2015 (before completion of construction), as more particularly set forth on Exhibit "B".

4. Issuance of TIF Indebtedness. The first sentence of Section 3.03(a) of the Redevelopment Agreement is hereby deleted and restated as follows:

"On or after thirty (30) days following the approval and execution of this Agreement, the CRA shall incur or issue Redeveloper TIF Indebtedness in the estimated amount of Eighty Four Thousand and No/100 Dollars (\$84,000.00), as calculated on the attached and incorporated Exhibit "B", to be issued to the Redeveloper or a lender of the Redeveloper."
5. Project Completion Date. The "Project Completion Date" as defined in Section 4.01(a) of the Redevelopment Agreement is hereby revised and amended such that the Project Completion Date shall be December 31, 2015.
6. Exhibit "A". The amount of the CRA Administrative Fee set forth on Exhibit "A" of the Redevelopment Agreement is hereby revised and amended such that the CRA Administrative Fee shall be the amount of Two Thousand Five Hundred Twenty and No/100 Dollars (\$2,520.00).
7. Exhibit "B". Exhibit "B" of the Redevelopment Agreement is hereby deleted in its entirety and replaced with the attached and incorporated Exhibit "B".
8. Exhibit "C". Exhibit "C" of the Redevelopment Agreement is hereby deleted in its entirety and replaced with the attached and incorporated Exhibit "C".
9. Memorandum of Redevelopment Agreement. The parties shall file a First Amendment of the Memorandum of Redevelopment Agreement to identify that the revised project effective date is January 1, 2016.
10. Reconfirm other Terms. The City and Redeveloper hereby reconfirm all other terms and conditions of the Redevelopment Agreement, except as expressly modified by the terms of this First Amendment.

This First Amendment to Redevelopment Agreement is effective as of the ____ day of January, 2015.

“CRA”

COMMUNITY REDEVELOPMENT
AUTHORITY OF THE CITY OF
SEWARD, NEBRASKA

ATTEST:

By: _____
Secretary

By: _____
E. Thomas Spunaugle, Chairman

“REDEVELOPER”

RATTLESNAKE BOYS, LLC, a
Nebraska limited liability company

By: _____
Richard Gokie, Manager

EXHIBIT "B"

REDEVELOPER TIF INDEBTEDNESS

1. **Principal Amount.** The principal amount of the Redeveloper TIF Indebtedness shall be the amount, together with interest accruing thereon, which can be amortized by December 31, 2031, solely from the Tax Increment Revenues based upon the current aggregate ad valorem tax rate applicable to the Project Site multiplied by an assumed valuation of \$700,000.00, subject to required debt service coverage, required reserve, and cost of issuance.
2. **Anticipated Tax Increment:** \$8,028 annually.
3. **Payments.** Semi-annually with interest only until real estate taxes are fully collected for the tax year 2016 in an amount sufficient to fully amortize the TIF Indebtedness on or before December 31, 2031.
4. **Maturity Date.** On or before December 31, 2031.

Exhibit "B"

EXHIBIT "C"

PROJECTED TIF SOURCES AND USES

1. PROJECTED TIF SOURCES

Assumptions:	Seward Co. Tax Levy (2014)	1.735917
	Interest Rate	5.00%
	TIF period (years)	15

Property Value Assumptions:	Assessed Value	Estimated Taxes
Pre-Project	\$237,520	\$4,123
Completed Project	\$700,000	\$12,151
Difference	\$462,480	\$8,028

Annual TIF Amount \$8,028

TIF Calculations:	Annual TIF Amount	\$8,028
	TIF Loan Amount	\$84,000
	less 3% Admin Fee	(\$2,520)
	Total TIF Available	\$81,480

2. PROJECTED TIF USES

	Project Costs
A. Cost of Issuance	TDB
B. Land Acquisition	\$250,000
C. Site Prep, Demolition	\$15,000

4812-8073-8593, v. 1

Exhibit "C"